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FOR WHA FO, WHA/CEN, WHA/PDA AND H

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TAGS: [ETRD](#) [PGOV](#) [PREL](#) [CS](#)

SUBJECT: COSTA RICA: AMBASSADORQS LISTENING TOUR GENERATES  
ONE-SIDED CRITICISM FROM CAFTA OPPONENTS

11. (SBU) SUMMARY: From July to September, the Ambassador and Emboffs, accompanied by local media, visited companies and communities around the country to learn first hand how CAFTA will affect Costa Ricans. These visits gave

employers and employees the opportunity to describe, in their own words, the importance of, and benefits from CAFTA. The positive media coverage of this "listening tour" quickly attracted criticism by radical CAFTA opponents, who filed a formal complaint with the Supreme Electoral Commission (TSE) on August 10, alleging foreign "interference". The TSE's ruling on September 10 (which was publicized on September 20), effectively dismissed the matter by transferring the case to the Ministry of Foreign Affairs and suggesting that the Ambassador did not run afoul of Costa Rican law. The issue dropped out of the public eye, until resurrected by visiting U.S. Members of Congress, and has not been a major factor in the debate leading to the October 7 CAFTA referendum. See para 10 for details on the Ambassador's itinerary. END SUMMARY.

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THE TRIPS AND THE MEDIA COVERAGE  
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12. (U) The AmbassadorQs first stops were to visit small and medium enterprises (SMEs) and agricultural producers in Costa RicaQs central valley on July 25 and 26. The companies supply machined parts to larger exporting firms. The farmers grow vegetables for export. All depend heavily on reliable, low-cost access to international markets. These trips generated two articles in the widest-circulating national daily on July 27, one of which quoted an owner of a small chayote packaging plant who said that the decision to ratify CAFTA is "life or death" for his company. During the same visits, the Ambassador told accompanying reporters what he had heard directly from Costa Ricans; "CAFTA is key to the future of our businesses".

13. (SBU) On subsequent trips, reporters often asked the Ambassador and the entrepreneurs and community leaders he was visiting their opinions on CAFTA and the referendum. In response, the Ambassador described the clear benefits of free trade to Costa Rica and stressed that the U.S. is a party to CAFTA and thus hopes that Costa Rica will join. He consistently made clear, however, that the decision to ratify or not is up to the Costa Ricans, and he deliberately avoided mention of which way the electorate should vote. The trips generated a number of news articles that provided additional perspectives from businesspeople on how CAFTA will benefit specific sectors of the Costa

Rican economy (see septel on media reaction).

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THE REACTION

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¶4. (U) The early trips and initial press coverage generated quick reactions from well-known CAFTA opponents. On July 27, public worker's union (ANEP) leader Albino Vargas issued a press release accusing the Ambassador of becoming the "emergency chief" of the "si" campaign, in order to "stave off disaster" in the referendum, and of inappropriate interference in Costa Rican internal affairs. On August 10, Jorge Arguedas, head of the militant anti-CAFTA telecommunications workers' union (FIT,) issued a release lambasting the Ambassador for visiting companies in Costa Rica and answering questions from the press about CAFTA.

¶5. (U) The same day, union leaders from two of the government-owned monopolies (Fabio Chaves of ICE and Luis Chavarria of INSS) joined Vargas in filing a formal complaint against the Ambassador with the TSE for "interfering" in the CAFTA campaign. This was not an unusual move. Both sides have deluged the TSE with complaints as a campaign tactic, with political parties, private individuals, companies, and public officials, including President Arias, as the targets. Opposition PAC legislator Francisco Molina joined in by writing on August 10 to complain about the Ambassador's "proselytizing" in favor of the "yes" vote and "interference" in domestic politics. Molina was the only one of 57 legislators to send such a letter. (Text of his letter and our response, dated 10 September, were emailed to WHA/CEN.)

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THE COMPLAINT

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¶6. (U) The complaint contained several factual errors. It alleged that the Ambassador intended to visit companies in order to speak to their employees about CAFTA in an environment where employees were compelled to listen. It also stated that the Ambassador's visits were "obviously" meant to encourage people to vote in favor of CAFTA in the referendum. Neither assertion reflected what actually took place, nor our two-fold intent, which was: 1) to hear first-hand from those potentially affected by CAFTA, and 2) to provide Costa Rican entrepreneurs and community leaders an opportunity to speak to a wider audience via the local and national media. The unions' denuncia also overlooked the fact that the Ambassador used these trips to conduct routine diplomatic business, such as donating English-language books and baseball equipment to needy communities, meeting with local officials and political leaders, and thanking Peace Corps Volunteers for their important work around the country.

¶7. (U) The core of the complaint focused on the legality of a foreigner becoming involved in an internal political issue. On September 10, the TSE responded. The Tribunal's ruling went into detail to suggest that the Ambassador had done nothing wrong, since foreigners enjoy the same rights as Costa Ricans to exercise free speech but are prohibited from taking part in political campaigns. The TSE interpreted this to include collecting signatures for a referendum, paying for campaign costs (including for propaganda), or conducting surveys. Obviously, none of these applied to the Ambassador's travels. After offering their critique of the union's denuncia, the TSE then punted to the MFA, pointing out that the Ambassador enjoyed diplomatic immunities outside the purview of the Tribunal. The MFA accepted action on September 21.

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COMMENT: THE IMPACT

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¶8. (SBU) This was a one-sided complaint, by the "usual anti-American suspects," filed as a partisan campaign tactic. In fact, even with the "denuncia," the alleged Embassy's or USG's role has not been an issue at all in the referendum campaign, to the surprise (and consternation) of some of our opposition contacts. No GOCR or "si" campaign official has viewed the Embassy's role as "interference" nor have any respected media outlets expressed this view (beyond reporting the complaints from the "no" campaign.) That the TSE used so many pages to undercut the union leadersQ complaint makes clear the Tribunal did not believe it had merit. TSE staff acknowledged to us that as far as they can recall, no foreigner has ever been sanctioned for the activities alleged in the complaint against the Ambassador.

¶9. (SBU) The issue was fading from public view until resurrected as the result of a private visit to Costa Rica by two U.S. Members of Congress September 21-24. A press conference, held at PAC leader Otton Solis' home on September 23, interviews granted by the two Members, and media reporting since, have helped keep the "interference" story alive. Opposition press releases also stirred the pot. On October 3, for example, the PAC party printed, verbatim, a letter from Rep. Linda Sanchez (D-CA) to the Secretary questioning the Embassy's role in the referendum

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campaign. The Sanchez letter received wide local press coverage on October 4.

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THE ITINERARY  
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¶10. (U) For the record, the following lists the date and background for each visit, and the entities visited:

¶A. July 25 - Heredia

The two SMEs visited in this trip participate in PROVEE, a program of the Costa Rican Ministry of Foreign Trade (COMEX) that links SME suppliers with larger multi-national businesses. The owners of these small businesses told the media that that CAFTA will benefit SMEs much more than larger companies.

- Etipress Limitada - printer of product labels
- Serpimetal - metal finisher

¶B. July 26 - Cartago

On this trip independent agricultural producers spoke to the press about their dependence on trade for their livelihood and how they need CAFTA to ensure future access to the U.S. market.

- Chayote growers and exporters
- ADAPEX (mini-vegetable producers)
- PRETECSA (SME machine shop)

¶C. August 30 - Grecia and Pavas

During this visit the owners of two textile plants confirmed to the press that without CAFTA they would need to move operations to another Central American country. Likewise, the owners of the plants said that despite allegations by the "No" campaign that textiles were dead in Costa Rica with or without CAFTA, their enterprises could remain viable in the face of increasing Chinese competition in the sector.

- Rincon Grande S.A. (two separate plants - fabric and t-shirt producer)

¶D. September 10 - Puntarenas

One year ago the Caldera Port began operating under a concession; a private company now manages operations. In the ensuing year, the port has realized substantial gains in productivity. On this trip the manager of a tuna plant

explained to the press that the Costa Rican tuna industry will essentially leave the country if CAFTA fails. The Ambassador also visited a shelter for abused children where a U.S. Peace Corps Volunteer has spent the last year working.

- Port of Caldera
- Sardimar (tuna and vegetable processing company)
- Peace Corps Volunteer project (PANI Children's Shelter)

#### E. September 12-13 - Perez Zeledon

During this trip, the Ambassador met with a wide range of entities to learn more about how SMEs are developing in the region, to visit with Peace Corps Volunteers, and to donate books to a local secondary school. As this was the Ambassador's first official visit to this canton, it generated a great deal of attention in the region.

- Casa de la Juventud (Center to assist at-risk youth complete school and develop job skills)
- Courtesy call with local political leaders
- Peace Corps Volunteer project (Tierra Prometida elementary school)
- Peace Corps Volunteer project (Centro Biologico Quebradas Conservation Center)
- Meeting with heads of regional national parks and heads of local environmental organizations.
- Meeting with PYMES-Brunca project leader and participants (PYMES-Brunca is a program that assists SMEs in developing business plans, finding markets, and navigating bureaucracy)
- Glove manufacturer that participates in the PYMES-Brunca program
- Sports apparel manufacturer that participates in the PYMES-Brunca program
- Visit to local market to view micro and small entrepreneurs at point of sell, many of who are participants in the PYMES-Brunca program
- Townhall Meeting to discuss consular issues and answer questions on working in the U.S.
- Courtesy call with local press outlet
- Lunch with heads of Coopealianza and Coopeagri, two local financial institutions that work with SMEs
- Donation of English language books at UNESCO school

#### F. September 18 - Limon

The Limon province is the poorest region in the country. On this visit to Limon, the Ambassador was able to visit an entrepreneur that is trying to start up one of the first service-sector companies in the region. The Ambassador also donated little-league baseball equipment to the city.

- Donation of baseball equipment at Big Boy Stadium
- Courtesy call with local political leaders
- Visit to Admire America (the only local call center)

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